

{As Prepared for Delivery}

**Iowa Central Community College
Trade Show Luncheon
December 1, 2005**

**Thomas C. Dorr
Under Secretary for Rural Development**

[Luncheon remarks. Audience will consist of approximately 100-120 business and community leaders from northwest Iowa.]

Thank you. It's great to be here. This is a great event. A show like this takes a lot of work, and I want to thank everyone involved for the effort you are putting into this.

I know it takes a team effort. The beef and pork producers, the college, the chamber, the Messenger and Farm News, the Mid-Iowa Growth Partnership, Extension Services ... thanks to all of you for getting this done for another year.

I am glad to be here, and not just because I'm such a short drive from home.

As you might imagine, I attend development conferences, trade shows, and community planning meetings all around the country. Everyone wants to talk about economic development, and every community is different. Some are going great guns, growing faster than they can handle. Others have serious problems. Most are somewhere in between.

But overall, when you sum it up, I am and remain an incurable optimist about rural America. People sometimes ask me why. In response, I wish I could bring them here and show them Fort Dodge.

Just look around:

- **Right here in Fort Dodge, VeraSun has just opened a 110 million gallon per year ethanol facility, one of about 25 ethanol plants currently operating or under construction in Iowa.**
- **MidAmerican Energy operates one of the largest Wind Farm complexes in the country with turbine sites in Sac, Buena Vista,**

Wright, and Hamilton counties. Iowa is a national leader in wind energy.

- **Yet another leader: Fort Dodge Animal Health is probably largely unknown outside the farming and veterinary world, but with all the talk today about avian flu it's interesting to note that some of the important work in that field is being done right here.**

[Fort Dodge Animal Health is a division of Wyeth; HQ in Overland Park, KS; major facility in Fort Dodge]

- **And Fort Dodge Animal Health is just one example. We're in the early stages of a biotech and bio-ag revolution that is going to transform not just agriculture, but the entire economy, over the coming years.**

This is becoming a pattern: Iowa is again a leader with a growing cluster of world class biotech companies.

- **Last but not least – and still keeping the focus right here at home – Fort Dodge enjoys a diversified, balanced manufacturing sector. This ranges from Purina, an international icon, to a wide range of local and regional firms. The action certainly isn't all energy and high-tech; conventional Main Street businesses are thriving as well.**

[Purina is a division of Nestle]

We could go on and on, but I want to emphasize that my point here isn't to call out any particular company. In fact, it's just the reverse.

I want to emphasize the range and economic diversity of what is going on in just this one small corner of Iowa. It is truly impressive.

Are there problems? Sure – there always are. Could some things be better? Of course.

But I prefer to look at the glass as half full, or three quarters full, and when you look at a city like this, it's clear that this is a community with vision and leadership ... a community with options ... a community with a future.

In short, this is a model. This diversity, this dynamism, is what the future of rural America looks like.

[Rural Development: Mission]

It's our job at USDA Rural Development to help communities like Fort Dodge -- all across the country, most of them smaller-- identify their opportunities and leverage their assets to build that future.

We are, essentially, an investment bank. At the budget levels Congress has made available in recent years, we invest about \$12 -13 billion a year in infrastructure, housing, community facilities, and business.

In Iowa alone, that has added up to over \$1.4 billion invested since 2001. That includes Self-Help Housing in Webster City and farm labor housing in Clarion ... warning sirens for Lake View and playground equipment in Gilmore City ... a water treatment plant for Stratford and sanitary sewers in Stanhope ... and hundreds of other projects besides.

But our focus today is on opportunities for economic growth -- on jobs and businesses. And on that front, in my mind at least, there are three areas that stand out as strategic opportunities for rural America today: renewable energy, broadband, and something that I call “place.”

[Renewable Energy]

The first of these I’ve already touched on. Renewable energy is America’s newest cash crop. It has enormous potential for the rural economy. We’ve waited a long time for this. And it’s finally happening.

As we all know, renewable energy has been a political debating point on both sides of the aisle for 30 years. But talk is cheap. Speeches and press releases don’t produce energy -- if they did, the energy crisis would have been solved long ago.

The real barrier to renewables has been price. But today, \$50-60 barrel oil has changed the equation. Our job is to help producers, rural businesses, and rural communities seize that opportunity.

Ethanol is already taking off. Last year, 81 plants in 20 States produced a record 3.41 billion gallons of ethanol. That's up 20% over 2003. It's more than doubled since 2000.

With rising oil prices and a 7.5 billion gallon Renewable Fuels Standard in the new energy bill, that growth will continue. And if you will pardon a little home-state chauvinism, it's great to see Iowa in the lead.

But frankly, it's even better to see so many others following Iowa's lead, because there is much more to be done. USDA Rural Development is investing accordingly.

Since 2001, we've committed over \$190 million to renewable energy projects, and it's not just ethanol. Wind, solar, biodiesel, methane gas recovery systems are all in the mix. The key point is that these are competitively scored programs, and renewables are earning support across the board. They are coming of age. The markets are telling us they're ready.

When we reach the point at which we are driving our cars with ethanol from the Midwest instead of oil from the Mideast, we will have turned a very important corner – and the agricultural economy will have found it's biggest new market in history.

[Broadband]

The second great, not-so-secret-weapon at work for rural America today is broadband and, more generally, the internet.

It is a cliché to say that broadband is a revolutionary technology. Like most clichés, it's true. The computer and the internet are producing the most radical decentralization of information in human history.

With broadband, businesses don't need everyone in the same building so they can talk. Large organizations can be decentralized.

Manufacturing and distribution systems can be managed over great distances. You no longer need to wedge everything and everybody into the city, pay city prices, pay city taxes, put up with city congestion, just so managers can move papers from desk to desk.

Bit by bit, where we live and how we work are going to be reengineered.

We're in the very early stages of this, but it's happening faster than many think. I was in Plains, Montana, a couple of months ago for a presentation concerning a USDA Rural Development loan guarantee for a major modernization of the county hospital.

Plains is between Weeksville and Paradise on State Road 200. You can't miss it. With a population of about 1,100, it is the metropolis of Sanders County. That's just about the same size as Marcus, my hometown, so I speak with authority when I say it's a "metropolis."

The hospital is a broadband story because of the new hospital Administrator or, more precisely, her husband. The Administrator, with degrees in both law and nursing, left a prestigious big city job at Johns Hopkins for Plains because she wanted the rural quality of life, and because she wanted to raise her sons with the rural work ethic.

The other half of the team, her husband, is a computer guy who can work from anywhere. There are few things quite as liberating as the ability to work from anywhere.

Just ask Tom Pfozter about that. Tom operates a farmers market in Northern Virginia. I met him several years ago when I first came to USDA. He had worked for 15 years in the Dot.coms. He had it all: the high income, big house, big mortgage, crazy commute and impossible hours. After 15 years, he said “enough.” Today he’s rural by choice – no commute, more house for a fraction of the price, a better quality of life all around.

Tom’s point is simple: the internet lets us take the jobs to the people; we don’t need to move the people to the jobs. You can live anywhere in the world and be competitive if you have the skills. Tom isn’t the only one to have figured this out; more and more people are making similar choices all across the country.

[Place]

That brings me to the third great growth opportunity for rural communities today. This is something I call “place.” That’s my own term -- and you may think of a better one -- for the whole matrix of rural competitive advantages.

“Place” is peace and quiet, a clean environment, and affordable housing. It’s a lower cost of doing business. It’s the kind of community in which you want to raise your kids. It’s the pace of life, low crime, and good schools.

These things are major competitive advantages. They always have been. But historically, the quiet life came with a high price tag. The country might have a higher quality of life, but the city had businesses and jobs and opportunity.

That meant people had to make a tough choice. The young and the ambitious headed to the city, or stayed there after college. They were drawn there by their jobs -- not always, but more often than not. In my graduating class 40 years ago, for example, I was one of the very few – maybe the only one – who came back.

But with modern transportation and communications -- the internet and interstate highways -- the next generation can have better choices. With investment in rural schools and hospitals, small towns can offer what we used to consider “urban” amenities.

With the decentralizing potential of the internet, rural areas suddenly can compete for businesses and jobs on a level playing field. With broadband, in fact, you can live locally and compete globally.

This means the competitive balance has shifted in a very basic way. Remember Tom Pfozter. Rural communities that can generate good jobs and provide quality health care and schools are great places to live. As a result, people are voting with their feet.

The fastest growing places in America today aren't the big cities --most of those are actually shrinking, and without immigration, some of them would be ghost towns.

The fastest growing areas today are smaller cities and towns, as well as rural counties on the far fringes of the cities – close enough to get into the city when you want to, but far enough out to live rural.

This isn't an economic calculus; it's lifestyle. And in a generation, the spatial organization of this country will be very different.

[Conclusion]

Every one of these factors -- renewable energy, value-added opportunities, broadband empowered development, place -- you can see right here in northwest Iowa. Most of them, in fact, you can see right here in Fort Dodge.

But we're not unique. The truth is, these factors can also be found in literally hundreds of communities all across this country. The potential is there. That's the good news. And that's why I'm an incurable optimist about rural America.

These factors are engines of growth. Add vision and leadership, add an entrepreneurial culture, provide investment capital, and good things can and will happen.

So in closing, let me extend an invitation to each of you. If you're doing business in rural America -- if you're thinking about doing business in rural America -- give us a call. We can help, and it would be a privilege to work with you. Thank you.